

## Message Text

LIMITED OFFICIAL USE

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44

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 ABF-01 L-02 H-01 PA-01 PRS-01 USIA-06 /082 W

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R 071515Z JAN 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7015

LIMITED OFFICIAL USE LONDON 00164

DEPARTMENT PASS TREASURY AND FRB

E.O. 11652:N/A

TAGS: EFIN, UK

SUBJECT: UK OFFICIAL RESERVES IN DECEMBER 1974

1. UK OFFICIAL RESERVES FELL BY \$1,035 MILLION IN DECEMBER 1974, AFTER LONG-TERM DEBT SERVICING PAYMENTS OF \$238 MILLION AND AN ADDITIONAL \$250 MILLION DRAWING ON THE \$2.5 BILLION EURO-DOLLAR LOAN. OFFICIAL RESERVES STOOD AT \$6,789 MILLION AT YEAR END.

2. BEGIN LIMITED OFFICIAL USE: THE DECREASE IN RESERVES REFLECTS, IN PART, THE LARGE AMOUNT OF INTERVENTION BY THE BANK OF ENGLAND DURING THE PERIOD IMMEDIATELY FOLLOWING THE ARAMCO PAYMENTS ANNOUNCEMENT ON DECEMBER 10. THE DECEMBER DECREASE IN RESERVES DOES NOT REPRESENT AN EXACT ACCOUNTING OF THE INTERVENTION DURING THE MONTH. ALTHOUGH PRESS ARTICLES REPORT THE LEVEL TO BE ROUGHLY EQUAL TO THE \$1 BILLION DECREASE, WE BELIEVE IT PROBABLY WAS ROUGHLY HALF THIS AMOUNT. ONE BANK OF ENGLAND OFFICIAL WITH WHOM WE SPOKE EXPRESSED "MILD IRRITATION" AT WHAT HE CALLED IRRESPONSIBLE INFERENCE BY THE PRESS AS TO THE LIMITED OFFICIAL USE

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LEVEL OF INTERVENTION. HE STATED THAT THERE WERE SEVERAL

SIZABLE TRANSACTIONS BETWEEN GOVERNMENTS DURING THE PERIOD WHICH, COMBINED WITH THE INTERVENTION, RESULTED IN THE DECLINE IN OFFICIAL RESERVES.

3. CONTRARY TO EXPECTATIONS, THE DECEMBER OFFICIAL RESERVE ANNOUNCEMENT HAD MINIMAL IMPACT ON THE FOREIGN EXCHANGE MARKETS. THERE WAS A SLIGHT WEAKENING OF THE POUND IMMEDIATELY FOLLOWING THE ANNOUNCEMENT, BUT AN ALMOST IMMEDIATE RECOVERY WITHOUT ANY APPARENT CENTRAL BANK SUPPORT OF THE RATE. END LIMITED OFFICIAL USE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FINANCIAL STABILITY, ECONOMIC DATA, FINANCIAL RESERVES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 JAN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975LONDON00164  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750006-0433  
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**Office:** ACTION EUR  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 19 JUN 2003  
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**Review Transfer Date:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** UK OFFICIAL RESERVES IN DECEMBER 1974  
**TAGS:** EFIN, UK, BANK OF ENGLAND  
**To:** STATE  
**Type:** TE  
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